



Budget Speech

OF

THE HON. S. E. LOW

TREASURER OF THE PROVINCE OF ALBERTA

Delivered on February 24th

1944

IN THE

Legislative Assembly of Alberta

ON MOVING THE HOUSE INTO COMMITTEE OF SUPPLY

ALSO STATEMENTS OF
FINANCIAL AND GENERAL INFORMATION

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BUDGET SPEECH

DELIVERED BY

THE HON. S. E. LOW

Treasurer of the Province of Alberta

February 24th, 1944

MR. SPEAKER:

It is again the duty of this Assembly to appropriate the sums required for public services for the ensuing fiscal year; and it devolves upon me again to review the financial statements of the Province and to table the estimated budgetary requirements for your consideration. I therefore beg to move that you do now leave the Chair and that this House resolve itself into a Committee of Supply for the consideration of sums to be granted to His Majesty.

Before dealing with the financial statements of the Province, I shall refer as briefly as possible to the condition of the main industries within our Province, the position of which affects both our revenue and expenditure statements.

AGRICULTURE

Preliminary figures indicate that notwithstanding a substantial decrease in yield, and due to improved prices for all grain and field crops, the estimated value of agricultural products almost reached the value of the same for 1942, which was the highest recorded value in the history of this Province. The wheat yield decreased from 178 million bushels to 80 million; and the value declined from \$113,920,000 to \$77,600,000. The total value of all grain crops is shown at \$174,788,000 as compared with \$209,023,000 for 1942; and the total yield of all grains fell from 437,593,000 bushels to 271,444,000 bushels. Dairy products are valued at \$34,181,566, an increase of \$2,606,000. Live stock marketed reached a total of \$90,810,700, a gain in value of \$3,600,000 as compared with that for the previous year. The number of swine marketed established a new record of 2,313,282 head; and this figure again exceeded the production in any other Province of Canada.

The total value of agricultural production amounted to \$343,691,800 as against \$366,351,000 for 1942, a decrease in value of \$22,659,-

000. Detailed figures with their comparative ones for the year 1942 are as follows:

PRODUCTION AND VALUE—AGRICULTURAL PRODUCTS

Field Crops	Bushels		Average Value		Total Value	
	1942	1943	1942	1943	1942	1943
Wheat	178,000,000	80,000,000	\$.64	\$.97	\$113,920,000	\$ 77,600,000
Oats	175,000,000	129,000,000	.32	.44	56,000,000	56,760,000
Barley	75,000,000	56,000,000	.42	.57	31,500,000	31,920,000
Rye	4,400,000	1,234,000	.38	.76	1,672,000	938,000
Flax	2,200,000	2,600,000	1.97	2.16	4,334,000	5,616,000
Mixed Grn's	2,694,000	2,176,000	.37	.50	997,000	1,088,000
Peas	272,000	424,000	1.78	2.00	541,000	848,000
Beans	27,000	10,000	2.20	1.80	59,000	18,000
<hr/>						
Total Grain						
Crops	437,593,000	271,444,000			\$209,023,000	\$174,788,000
Root and Fodder Crops, Value					23,570,500	25,077,000
					<hr/>	<hr/>
					\$232,593,500	\$199,865,000
Dairy Products, Value					30,744,700	34,181,566
Livestock, Value					87,227,000	90,810,700
Poultry, Value					14,568,000	17,333,600
Honey, Value					362,500	551,000
Wool, Value					855,600	950,000
					<hr/>	<hr/>
					\$366,351,300	\$343,691,866

BEET SUGAR INDUSTRY

For the first time in many years the output of sugar shows a decrease, mainly due to a loss in tonnage occurring after the beets were harvested and placed in stockpiles. The total production of the two factories is estimated at 87 million pounds compared with 103 million the previous year. Initial payments to the beet growers amounted to \$2,235,000. It appears now that the total payments for the year will be some \$400,000 below the return to the growers for the year 1942.

NATURAL RESOURCES

PETROLEUM PRODUCTION

The value of the main products from our Natural Resources for the calendar year 1943 is estimated at \$46,883,290, an increase of \$897,600 over that for the previous year. For the first time within the last decade the production of petroleum shows a decline. Preliminary figures for the past year indicate a total production from all fields of 9,674,317 barrels valued at \$15,597,572. Due to the increased price per barrel, the value of production exceeded that of last year by some \$80,000. It should be noted that the production in fields other than Turner Valley increased from 139,335 barrels to 221,820 barrels. I feel that increased production can reasonably be expected in these and other areas under development.

BITUMINOUS SANDS.

No production was realized from the bituminous sands in the Northern area of the Province because the plant was undergoing reconstruction during the year. It is expected the process of extracting oil from the sands will be resumed this year. As you know, the operations are under the direction of and are being financed by the Dominion Government.

COAL

Labour and equipment problems were largely responsible for the decline in the production of coal. It is estimated that 7,300,000 tons were mined compared with 7,754,279 tons last year, a decrease of 454,279 tons. The value of coal mined is given at \$23,585,000, an increase of slightly over one million dollars, this increase being due entirely to the increased price made effective during the year.

SALT

The production of salt for the year totalled 17,408 tons, a decrease of some 4,700 tons, valued at the well head at \$174,080. The decrease in output is due to the fact that during the latter part of the year an addition was being made to the plant, necessitating a curtailment in production. The enlargement of the plant will increase its capacity about one hundred per cent; and a substantial increase in the output may be anticipated this year.

FORESTRY PRODUCTS

Timber operations of all types produced products valued at \$7,526,000, a slight decrease of about \$160,000 from the value realized during the previous year.

It is gratifying to note, Mr. Speaker, that notwithstanding labour and equipment difficulties during the year, the value of production from our Natural Resources compares favourably with the figures for the year 1942.

I shall now direct your attention, Mr. Speaker, to the main financial statements of the Province.

PUBLIC ACCOUNTS

FISCAL YEAR ENDED MARCH 31st, 1943

The Public Accounts for the past fiscal year which ended March 31st, 1943, have been tabled, and provide the members of this Assembly and the public generally with full details of all the various phases of the Government. It is, therefore, unnecessary for me to deal with them in anything other than a summary fashion at this time.

The actual operating results for the year, after providing for all expenditures on both Income and Capital accounts, showed an over-all surplus of \$4,878,277.77 which, I submit, Mr. Speaker, is a very creditable result. Actual expenditures were kept well within the estimates; and actual revenue on Income Account exceeded the sum

estimated by \$3,901,129.32. The revenue from the Gasoline and Fuel Oil Tax accounted for \$299,624; Income Tax, \$632,828, due to quarterly payment from the Dominion Government as a grant being received after the end of the previous fiscal year. Automobile and truck license returns exceeded the estimate by some \$447,000. I may say just here that we made provision in the estimates for a shrinkage in revenue from this source owing to the wartime rationing of gasoline, and therefore we were somewhat surprised at the increased returns. Liquor profits also contributed \$2,089,000 more than we had estimated. Since that time we have completed an agreement with the Dominion Government as to the minimum revenue obtainable from this source, so that as a result we can base our estimates at a higher level than we did for the year under review. The revenue from all sources is shown in detail on Pages 12 and 13 of the Accounts.

The over-all surplus to which I have referred is arrived at after providing for all expenditures, including unemployment relief and certain statutory payments; but does not include the sum of \$530,-972.58 provided for debt retirement, which sum included \$391,840.94 for redemption of Savings Certificates, and \$107,250 paid on Treasury Bills held by the Dominion Government.

FUNDED AND UNFUNDED DEBT

FISCAL YEAR ENDED MARCH 31st, 1943

The net funded and unfunded debt as at March 31st, 1943, totalled \$140,794,159.06 as compared with \$141,455,384.89 at the end of the previous year, a decrease of \$661,225.83. The reduction in the net funded debt amounting to \$920,941.30 is attributed to accretions to the Sinking Funds of \$760,075.23, payments on Treasury Bills held by the Dominion Government totalling \$107,250, and purchase of registered stock amounting to \$31,877.64. The net reduction in Savings Certificates amounted to \$391,840.94, which is shown as reduction in the unfunded portion of the debt. Full details of the public debt of the Province are shown on Pages 20 and 22 of the Public Accounts, which have been placed before you.

CONTINGENT LIABILITIES—GUARANTEES

In addition to the public debt to which I have just referred, the Province is liable under its guarantee for advances furnished with respect to Irrigation and Drainage District debentures, advances to Marketing Associations and Co-operative Credit Societies, and loans under the Municipal Improvements Assistance Act (Dominion Government). The net guarantees outstanding at March 31st, 1943, totalled \$6,768,351.73 as compared with \$7,582,796.85 at the end of the previous fiscal year, a net reduction of \$814,445.12. Guarantees with respect to Irrigation and Drainage Districts show a decrease of \$215,-119.06, due to accretions to Sinking Funds. Loans to Co-operative Credit Societies show a decrease of \$76,252. Other decreases include Hail Insurance Board, \$48,022, and the School Requisition Trust Account, \$328,500. Advances to Municipalities under the Municipal Improvements Assistance Act were also reduced \$155,223.64 during the year through repayments by the borrowers.

LIVE STOCK FEEDERS' ASSOCIATION

During the past feeding season which ended on September 1st, 1943, the Government guaranteed advances to seventeen feeder associations, enabling them to purchase feeder live stock on behalf of their members. Two new associations were formed during the year. Live stock was supplied to 437 members of these associations, as compared with 408 the previous season. Live stock, consisting of 13,279 cattle and 31,452 head of sheep were purchased at a cost of \$1,092,-768.43.

All advances were repaid in full; and the majority of members realized satisfactory returns from their feeding operations. Nine of these associations were financed by loans from Treasury Branches.

THE ALBERTA RURAL CREDIT ACT

Loans to members of these Societies under the guarantee of the Province totalled \$1,055,072 as at December 31st, 1943, a decrease of \$127,976 from the balance outstanding at the end of the previous calendar year. New loans during the year amounted to \$12,141. I am gratified to report that repayments of \$109,331 reached the highest figure for several years. Many farmer members of these societies, previously unable to repay their loans, are now in a position to make substantial payments, and at the same time to finance their operations without recourse to borrowing.

Loans to members of the two Beet Growers Societies totalled \$94,314; and all advances together with interest were reported paid as at December 31st, 1943.

ALBERTA POULTRY PRODUCERS MARKETING BOARD

I think this year I should refer to the operations of the Alberta Poultry Producers Marketing Board, as its operations are not known to the public generally, and it has now become a very important factor in the marketing of poultry products in this Province.

The Board was formed in October, 1941, under the provisions of The Alberta Marketing Act passed by the Government in 1939. The purpose of the Act was to enable producers of this Province to own and operate their own marketing facilities on a co-operative basis. The Government provided the premises and equipment necessary, with a total outlay of \$223,000, leasing the property at a fair rental with an option to purchase. In July, 1943, the Board exercised the option to purchase, and about \$33,000 was paid on the agreement, which is in excess of the sum required under its terms. The organization has made marked headway since its inception. Operations are now carried on throughout the Province at 68 grading stations. These are supplemented by two large assembly, distribution and cold storage plants at Edmonton and Calgary. A modern egg drying plant is operating at Edmonton, the production from which is shipped to Great Britain for consumption there. Chick hatcheries with a seasonal capacity of one million chicks have been established and are operating at Lethbridge and Edmonton. The total membership consists of more than 30,000 producers. In addition to the advance payment made to the producers during the past two years, the

Board has paid or allocated to their members \$129,000 and \$106,700 respectively, in participation certificates representing ownership in accumulative assets. I am sure, Mr. Speaker, that we can look for further extension of this important marketing service with a consequent substantial advantage to poultry producers throughout Alberta.

ALBERTA WHEAT POOL

I am very pleased to report another year of satisfactory progress for this producer-owned co-operative organization. Operating earnings for the season 1942/43 amounted to \$1,656,787.54 before providing a reserve for depreciation on buildings and equipment of \$726,343.31, and interest of \$176,129.17 on the bonds held by the Government. The net surplus for the year is shown at \$754,315.06.

Since 1931 the Wheat Pool has paid to the Province the sum of \$2,427,000 in principal payments, and \$2,818,137.50 in interest on the debt incurred through the loss sustained in the 1929 Pool overpayment. The annual instalment due the Government on September 1st, 1943, was paid, reducing the principal amount owing to \$3,222,000. The members' equity in the assets of the organization as at July 31st, 1943, totalled \$6,717,963.44.

THE ALBERTA HAIL INSURANCE BOARD

The Board in 1943 completed its sixth year of valuable service to the farmers of this Province. In spite of severe hail storms and resultant heavy damage, all farmers who accepted the protection afforded by the Board's policy of hail insurance at the lowest cost compatible with safety, will receive payment in full of their claims.

These claims amounting to \$467,000, of which over fifty per cent has already been paid, will be paid in full on the first of next month, although premium income amounted to only \$416,000. Payment in full has been rendered possible only by reason of the sound policy which has resulted in the existence of a reserve fund established in profitable years.

It is gratifying to report that collections of premiums for 1943 have already been effected to the extent of 99.94 per cent, and that for the six-year period, 1938 to 1943, the remarkable percentage collection of 99.97 has been attained.

When final figures are computed as at March 31st, 1944, the net result of 1943 operations will leave the Board with cash reserves of slightly less than \$700,000 as compared with \$769,000 at March 31st, 1943. This will enable the scheme to continue to operate as at present without Governmental guarantee or financial assistance of any kind.

INTERIM FINANCIAL REPORT

AS AT DECEMBER 31st, 1943.

FISCAL YEAR ENDING MARCH 31st, 1944

The financial report for the nine months' period of the current fiscal year has been tabled. You will observe that cash receipts on Income Account show a substantial increase of \$1,398,905 over the

revenue received for the same period last year. This increase, however, is largely offset by increased expenditures on Income Account of \$1,021,865, and a net increase in Capital payments of \$258,889, resulting in an over-all cash surplus on all accounts, excluding debt retirement, of \$3,148,615. This amount compares with \$2,942,335 last year, an increase of \$206,280.

Revenue from motor vehicle licenses shows an increase of \$136,690. Other increases include succession duties, \$146,660; taxes \$261,515; and liquor profits, \$800,000. These increases are offset by decreased revenue from the Fuel Oil Taxes of \$86,118; and Petroleum Fees, Rentals and Royalties amounting to \$189,000.

On the expenditure side, Grants to Schools were \$225,228 in excess of the amount paid during the same period last year; and other increased expenditures consist of \$163,061 for Highways and Roads; Old Age Pensions, \$200,005; and the sum of \$320,000 for Contingent Liabilities with respect to Treasury Branches.

The results for the period indicate that the final statement for the fiscal year will show a surplus on all accounts comparable with that of last year.

POST-WAR RECONSTRUCTION FUND

In view of the favourable operating results for the present year, I may now say that it is the intention of the Government to augment the Post-War Reconstruction Fund which was created last year by a further sum of one million dollars. An appropriation for this amount will be included in the Supplementary Estimates for your approval; and this will be chargeable against the current year's expenditures.

I may add that the total amount of one million dollars paid into the Fund last year was invested in Victory Bonds; and it is proposed to continue this policy until such time as the funds are required for the purpose provided in the Post-War Reconstruction Fund Act. Many pressing building and road projects in our Province have had to be postponed because of material and labour shortages. Should supplies be more readily obtained, and should labour be available during the coming summer, it is altogether likely that some of these deferred projects may be undertaken, and consequently some of the funds may be used for the purpose.

ESTIMATES

FISCAL YEAR ENDING MARCH 31st, 1945

I would now direct the attention of the Honourable Members to the estimates for the ensuing fiscal year ending March 31st, 1945, copies of which have been tabled.

The estimated budgetary requirements and estimated results for the ensuing fiscal year are summarized as follows:

Total Estimated Revenue—Income Account	\$22,967,205.00
Total Estimated Receipts—Capital Account.....	990,375.00
Total Estimated Receipts, Income and Capital Account	\$23,957,580.00
Total Estimated Ordinary Expenditures, Income Account	\$21,137,863.41
Total Estimated Payments, Capital Account	3,133,648.00
	\$24,271,511.41
Net Statutory Payments	525,025.00
	\$24,796,536.41
Estimated Over-all Deficit	\$ 838,956.41

I think I should mention here that the estimated deficit is arrived at after providing the sum of \$500,000 under Statutory Payments for the redemption of Savings Certificates, which constitute a reduction in the Public Debt.

The estimated revenue by Departments is as follows, and I shall also give for comparative purposes, the figures for the current year:

REVENUE—INCOME ACCOUNT

	1944-45	1943-44	Increase	Decrease
Dominion of Canada	\$ 1,794,810	\$ 1,794,810		
Agriculture Department	122,165	124,365		\$ 2,200
Agric. Dept. (Water Res.).....	2,000	1,500	\$ 500	
Attorney General's Dept.	971,725	928,875	42,850	
Education Department	170,850	181,900		11,050
Executive Council	83,000	96,000		13,000
Lands and Mines Dept.	2,351,675	2,343,550	8,125	
Legislation	1,065	1,027	38	
Municipal Affairs Dept.	1,359,330	1,346,230	13,100	
Provincial Sec. Dept.	6,766,100	6,287,300	478,800	
Public Health Dept.	428,100	393,730	34,370	
Public Works Department	1,147,275	987,750	159,525	
Trade and Industry Dept.	116,300	115,400	900	
Treasury Department	7,652,810	6,338,760	1,314,050	
	\$22,967,205	\$20,941,197	\$2,052,258	\$26,250

A net increase of \$2,026,008.

REVENUE—INCOME ACCOUNT, 1944-45

The total revenue on Income Account is estimated at \$22,967,205 compared with \$20,941,197 for the present year, an increase of \$2,026,008. The main items making up this increase follow: Succession Duties, \$25,000; Motor Vehicle Licenses, \$412,000; Amusement Tax, \$50,000; Truck Registration Fees and Buses Mileage Tax, \$145,000; Liquor Profits, \$1,100,000; and Treasury Branch earnings, \$145,000. In the main, these estimates are based on the actual revenue we will receive this year. In my budget address last year, I pointed out that the revenue from the Liquor Profits and Motor Licenses would be substantially reduced by wartime regulations of the Dominion Government and for purposes of the budget the profits from the Liquor Control Board were not increased but were estimated at \$2,900,000. An

agreement has since been reached with the Dominion Government whereby the Province will be reimbursed in the event that the revenue from this source should fall below the profits for the year ended June 30th, 1942. The profit for this synthetic year has now been established at \$4,178,493. We have included the sum of \$4,000,000 as the estimated revenue from this source. This amount, you will note, is below the guaranteed amount; however, in the event of the profits of the Liquor Board falling below the sum guaranteed, the reimbursement from the Dominion Government will not be received until after the close of the fiscal year.

With respect to the fees from licensed motor vehicles, when compiling the estimates for the present year, we anticipated a falling off in receipts due to wartime regulations with respect to gasoline and tires, hence we based our estimates accordingly. The figure we have included this year is more in line with the actual for the present year.

EXPENDITURES—INCOME ACCOUNT

Total expenditures on Income Account, including expenditures for Public Welfare and Youth Training, are estimated at \$21,137,863.41 as compared with \$19,178,923.58 for the current year, an estimated net increase of \$1,958,939.83. The figures by Departments are as follows and I shall give the estimates for the current year for purpose of comparison:

EXPENDITURE—INCOME ACCOUNT

	1944-45	1943-44	Increase	Decrease
Public Debt Charges	\$ 3,885,764.00	\$ 3,878,304.00	\$ 7,460.00	.....
Executive Council	316,517.00	265,436.00	51,081.00	.....
Legislation	252,891.00	250,619.00	2,272.00	.....
Agriculture Dept.	618,691.00	496,141.00	122,550.00	.....
Agriculture Dept. (Water Resources)	53,150.00	52,862.00	288.00	.....
Attorney Gen. Dept.	846,480.00	819,781.00	26,699.00	.....
Education Department ...	4,097,480.00	3,572,493.00	524,987.00	.....
Municipal Affairs Dept. ...	218,521.00	210,470.00	8,051.00	.....
Prov. Secretary Dept. ...	173,669.34	168,632.34	5,037.00	.....
Public Health Dept.	3,268,449.07	2,374,874.24	893,574.83	.....
Public Works Dept.	3,075,406.00	2,738,833.00	336,573.00	.....
Railway & Telephones	4,746.00	4,650.00	96.00	.....
Treasury Department ...	2,640,726.00	2,694,676.00		\$ 53,950.00
Lands and Mines Dept....	888,187.00	797,801.00	90,386.00	.....
Trade and Industry Department	249,468.00	221,678.00	27,790.00	.....
Dept. of Public Welfare...	484,754.00	565,228.00		80,474.00
Youth Trai'g Progr'me ...	62,964.00	66,445.00		3,481.00
	<u>\$21,137,863.41</u>	<u>\$19,178,923.58</u>	<u>\$2,096,844.83</u>	<u>\$137,905.00</u>

A net increase of \$1,958,939.83

EXPENDITURES—INCOME ACCOUNT, 1944-45

The total estimated expenditures to which I have just referred provide for a net increase in expenditures of \$1,958,939.83 over the estimated expenditures on Income Account for the present year.

Under the Department of Agriculture you will note we have provided for a net increased expenditure of \$122,550, of which \$60,-

000 is to provide for the Province's share of the 4c bonus on wool. Total payments to the growers are estimated at \$120,000; and the Province will be reimbursed to the extent of fifty per cent by the Dominion Government. An increase of \$12,010 is provided for the Extension Branch, of which \$9,125 is to be used for the appointment of District Home Economists.

The net increase in the Department of Education totals \$524,987. Grants to Schools show an increase of \$415,760, which sum includes an amount of \$100,000 for building grants in areas lacking proper school buildings. A similar sum is provided for special grants to teachers in isolated schools. A further sum of \$100,000 is provided for special grants to Divisions with assessments less than \$95,000 per class room. The sum of \$25,000 has been added to the amount provided for equalization grants. The grant to the University has been increased by the sum of \$51,433. You will note that the appropriation for free text books has increased by \$22,366. The proposed increased expenditures for Education indicate clearly the policy of this Government to assume, not only a greater share of the cost of education; but to see that proper school facilities are provided in areas which are not in a position to provide a proper standard of education from local taxation.

The estimates for the Department of Public Health show an increase of \$893,575. Of this amount, \$643,590 is included for Maternity Hospital Services, a new service of the Government which has already been dealt with by the Honourable the Minister of Health in his speech in this House. An additional sum of \$71,652 has been provided for the Central Alberta Sanatorium where accommodation will be provided for an additional seventy patients. An increase of \$30,578 is included for the Training School at Red Deer, to provide for an additional sixty patients. The Mental Institutions at Oliver and Ponoka require an increased appropriation of \$147,000, partly due to the adoption of an eight-hour day for the staff, and partly because of higher maintenance costs.

Public Works estimates are \$336,573 more than they were last year. Maintenance of Main Highways appropriation is increased from \$775,000 to \$850,000. District Highways show an increase of \$100,000; and \$35,720 additional is required for Bridges and Ferries. Higher costs, largely uncontrollable, necessitate an increase of \$94,768 in the appropriation for Maintenance of Public Buildings and operation of Power Plants.

Treasury Department estimates show a net decrease of \$53,950. The appropriation for Treasury Branches is reduced by \$175,800, and the Income Tax Branch by \$17,240. These reductions are offset to the extent of an increase of \$135,480 for Old Age Pensions.

The appropriation for the Department of Trade and Industry shows a net increase of \$27,790. Of this sum, \$10,000 is provided for the setting up of a Power Commission, which will be provided for by legislation at this session. An additional sum of \$12,044 is included for the Board of Industrial Relations.

In the Executive Council vote you will note provision is made for \$12,000 to continue the work of the Post-War Reconstruction

Committee; and an increase in the amount provided for the Research Council, which is largely due to an extension of geological and field research work in connection with the bituminous sands and petroleum resources of the Province.

CAPITAL ACCOUNT

Dealing now with the estimated receipts and payments on Capital Account.

The estimated receipts on Capital Account total \$990,375, as compared with \$985,630, an increase of \$4,745 over the amount estimated for the present fiscal year.

The details are as follows:

RECEIPTS—CAPITAL ACCOUNT

	1945-44	1943-44	Increase	Decrease
Agriculture Department	\$ 64,750.00	\$ 94,400.00		\$29,650.00
Agric. Dept. (Water Res.)	251,775.00	230,400.00	\$21,375.00	
Education Department	1,100.00	1,500.00		400.00
Executive Council	518,000.00	473,600.00	44,400.00	
Lands and Mines Dept.	10,000.00	9,000.00	1,000.00	
Municipal Affairs Dept.	60,800.00	90,800.00		30,000.00
Public Works Department	16,000.00	5,900.00	10,100.00	
Treasury Department	44,500.00	46,330.00		1,830.00
Agricultural Relief	23,450.00	33,700.00		10,250.00
	<u>\$990,375.00</u>	<u>\$985,630.00</u>	<u>\$76,875.00</u>	<u>\$72,130.00</u>

A net increase of \$4,745.00

Payments on Capital Account are estimated at \$3,133,648, an increase of \$657,960, over the estimated outlay for the present year. The details by Departments are as follows:

PAYMENTS—CAPITAL ACCOUNT

	1944-45	1943-44	Increase	Decrease
Executive Council	\$ 300,000.00	\$ 321,000.00		\$21,000.00
Agriculture Dept.	128,475.00	127,700.00	\$ 775.00	
Agric. Dept. (Water Res.)	501,543.00	501,393.00	150.00	
Lands and Mines Dept.	25,000.00	25,000.00		
Municipal Affairs Dept.	2,500.00	2,500.00		
Public Works Dept.	1,977,030.00	1,347,405.00	629,625.00	
Treasury Department	178,500.00	130,500.00	48,000.00	
Agricultural Relief	20,600.00	20,190.00	410.00	
	<u>\$3,133,648.00</u>	<u>\$2,475,688.00</u>	<u>\$678,960.00</u>	<u>\$21,000.00</u>

A net increase of \$657,960.00

PAYMENTS—CAPITAL ACCOUNT

Under the Public Works Department you will note the sum of \$1,000,000 has been provided for Main Highway Construction, which is greater by \$200,000 than the sum appropriated last year; also the appropriation for District Highways is increased by \$75,000, bringing the amount provided to \$300,000. A sum of \$25,000 is required

to complete the new units at the Keith Sanatorium; and a total of \$200,000 is included for an extension to the Power Plant at the University, of which sum \$37,000 is required for an addition to the power building. This proposed plant will be large enough to serve the new wing now being constructed at the University Hospital by the Dominion Government, and also the Hospital for care of Tubercular patients which we intend to build when availability of man-power and materials make it possible. A sum of \$90,000 is provided for the erection of a farm dormitory at the Oliver Mental Institute to house an additional sixty patients. These expenditures are essentially necessary. However, the actual outlay is, of course, contingent upon the material and labour being obtainable.

OLD AGE PENSIONS

I am pleased to report that during the year the Dominion Government made certain changes in the regulations providing for an increase in the pension rate and an increase in the allowable income to a spouse not in receipt of a pension. These changes were readily agreed to by this Government; and the Government also undertook to relieve the Municipalities of any portion of the increased cost. As a result of these changes the average pension was increased from \$18.66 to \$22.65 as at December 31st, 1943; and 7,820 pensioners out of a total of 11,073 in receipt of a pension received the maximum allowable pension of \$300 a year. The average pension to the blind increased from \$19.67 to \$23.99. The additional cost to the Province as a result of these changes is approximately \$125,000 a year.

You will recall that commencing with the month of April, 1942, the Province enacted legislation granting a supplementary allowance of \$5.00 a month to all pensioners residing in the Province and who were awarded a pension by the Pension Board of the Province. Subsequently, a reciprocal agreement was made with the Province of British Columbia whereby the allowance was paid to our pensioners residing in that Province. At the end of December, 1943, this supplementary allowance was paid to 10,986 pensioners as against a total on our pay-rolls of 11,073. The cost of this supplementary allowance, which is wholly borne by the Province, to the end of March 31st, 1944, will approximate \$1,339,550; and the annual cost is close to \$680,000. As a further assistance to aged persons, which will include those in receipt of old age pensions, under the estimates of the Department of Welfare the Government has provided a sum for grants to Municipalities for their care in homes.

I may also add that representations have been made to the Dominion Government urging, not only an increase in the maximum pension, but also other beneficial changes in the regulations under The Old Age Pensions Act. This Government has recently urged that a conference of representatives of all Provinces and pension authorities, together with officials of the Dominion Treasury, should be held with a view to enacting new legislation more in keeping with the present day views concerning old age pensions.

REFUNDING PUBLIC DEBT

In my budget address of last year I reported in detail to the members of this House the results of our conferences with the representatives of the Bondholders' Committee. Subsequently, at that session of this Legislature, a resolution was unanimously passed, approving of the Government's non-acceptance of the proposal submitted by the Bondholders' Committee, which, as you will recall, stipulated an over-all rate of four per centum and recognition of the unpaid interest from June 1st, 1936, which at March 31st, 1943, totalled \$22,000,000. The resolution also urged the Government to continue without delay its efforts to effect an equitable plan of refunding the debenture debt of the Province.

Inasmuch as the Chairman of the Bondholders' Committee had advised me by letter after the meeting held in Edmonton that they were unable to go further in meeting our views, no further meetings of the joint committee were held, nor did I request that the committee re-convene. However, since the session of 1943, we have carried on numerous discussions with various interested persons, groups and institutions, both in Canada and outside of it, relative to a possible readjustment of our bonded debt. We have consulted practically every source of opinion, and I can say, Mr. Speaker, that I have made every effort to find a basis of settlement which would be satisfactory to both bondholders and the people of the Province. In the past year I have exhausted every effort to find a basis which, though it would provide for some increase in future interest rate, would at the same time have the effect of wiping out the claims for arrears of interest and obviate the necessity of making provision for differentials in outstanding coupon rates to maturity. In these efforts I have failed.

From all of these discussions held I find the consensus of opinion is that Alberta cannot hope to find a basis of refunding—one that will have the effect of restoring the market value of Alberta securities without:

- (a) Making provision for somewhat higher interest rates than are now being tendered,
- (b) Providing for the payment of some portion of the interest arrears, and
- (c) Agreeing to some adjustment with regard to the varying coupon rates on outstanding debenture issues to maturity.

In all our discussions I found the various groups and institutions were anxious to be helpful to the Province in effecting a refunding on a reasonable basis.

Suggestions have been made from certain sources that this Province should be able to refund its debt at rates now available to other Provinces who are not in default, and that no adjustment should be considered with respect to the unpaid interest. I should like to feel that this is possible, but it is my considered opinion that no such settlement will ever be made available to us. It is to be noted that since the last meeting of the Bondholders' Committee in June, 1942, there has been a tendency to lower interest rates throughout

Canada, so that we should be able to get the job done at something lower than the rate suggested as essential by the Committee.

I should like to point out just here that no offer has been made to the Government by the Bondholders, nor by anyone else for that matter. However, from the discussions held we have gathered some clear indications as to what terms would find acceptance among bondholders in Canada, the United States, and in Great Britain.

My views as to the importance of a refunding of our debt are already on record. I am re-affirming my opinion that it is essentially in the interests of this Province that we effect a comprehensive re-adjustment of our total debt at the earliest possible time. I believe that it is basically essential that any settlement must be complete, otherwise we shall fail to place our debt in a current position, since benefits from a partial refunding of certain maturities or a portion of any maturity would be completely offset by continued defaults as future issues matured. There is no way that I can discover whereby we can refund our debt unless we do it by agreement with the bondholders on a basis reasonably fair both to them and to the people of this Province.

CONCLUSION

Mr. Speaker, I have attempted to give a clear and comprehensive review of the financial affairs of this Province, covering the fiscal year immediately past, the one just drawing to a close; and the estimated receipts and expenditures for the ensuing fiscal year. I hope I have conveyed through this address, to the Honourable members and to the public generally, an idea of the important position which Alberta occupies in the wartime production programme of the Dominion of Canada. A careful study of the production figures will reveal the important contribution which our Province is making to the Allied cause and to insure victory for the Allied forces. We have a great Province, and it will assume a place of increasing importance to this Dominion in the years following the close of the war, especially if we are now careful to provide the proper organization and administration of its affairs so as to insure its future stability.

Mr. Speaker, I move that you do now leave the Chair.

Dec. 1, 1927	Dec. 1, 1957	1,850,000.00	2%	M., T., E., C., V., N.Y., L.	\$500.00; \$1,000.00	1,850,000.00
July 16, 1928	July 1, 1958	3,500,000.00	4 1/2%	M., T., E., W., C., V., N.Y., L.	\$1,000.00	2,808,000.00
Oct. 1, 1928	Oct. 1, 1958	5,915,000.00	4 1/2%	M., T., E., W., C., V., N.Y., L.	\$500.00; \$1,000.00	5,915,000.00
(c) Jan. 1, 1929	Jan. 1, 1959	7,400,000.00	5%	L.	\$1,000.00	7,400,000.00
Oct. 1, 1929	Oct. 1, 1959	6,000,000.00	5%	M., T., E., W., C., V., N.Y., L.	\$100.00; \$500.00; \$1,000.00	3,913,500.00
May 1, 1930	May 1, 1960	3,000,000.00	4 1/2%	M., T., E., W., C., V., N.Y.	\$100.00; \$500.00; \$1,000.00	2,036,500.00
April 1, 1931	April 1, 1961	5,000,000.00	4 1/2%	M., T., E., W., C., V., N.Y.	\$100.00; \$500.00; \$1,000.00	3,000,000.00
July 1, 1932	July 1, 1962	546,000.00	4 1/2%	M., T., E., W., C., V., N.Y.	\$1,000.00	3,250,000.00
June 1, 1932	June 1, 1962-67	4,866,565.66	5%	L.	\$1:0 Stock	546,000.00
June 1, 1937	June 1, 1967	5,239,500.00	4 1/2%	\$1,364,500.00 E., V., Vic., \$3,875,000.00 M., T., E., Vic., N.Y.		4,136,565.66
Feb. 15, 1924	Feb. 15, 1974	500,000.00	5%	E.	\$1,000.00	3,870,500.00
July 15, 1924	July 15, 1974	250,000.00	5%	E., Vic.	\$500,000.00	500,000.00
June 15, 1925	June 15, 1975	130,000.00	5%	E.	\$250,000.00	250,000.00
May 1, 1930	May 1, 1980	1,000,000.00	4 1/2%	E.	\$130,000.00	130,000.00
					\$1,000,000.00	1,000,000.00
		\$ 93,607,166.66				\$ 81,497,061.01
Treasury Bills:				Held by:		
Jan. 1, 1943	Jan. 1, 1944	\$ 450,000.00	3 1/4%	Provincial Treasurer		\$ 450,000.00
Jan. 15, 1943	Jan. 15, 1944	209,000.00	3%	Provincial Treasurer		209,000.00
Jan. 15, 1943	Jan. 15, 1944	4,509,000.00	3%	Dominion of Canada		3,613,000.00
Feb. 1, 1943	Feb. 1, 1944	500,000.00	3%	Provincial Treasurer		500,000.00
Feb. 1, 1943	Feb. 1, 1944	4,673,000.00	3%	Dominion of Canada		3,895,500.00
April 15, 1943	April 15, 1944	1,835,000.00	3%	Dominion of Canada		1,835,000.00
June 1, 1943	June 1, 1944	2,448,000.00	3%	Dominion of Canada		2,448,000.00
Aug. 1, 1943	Aug. 1, 1944	4,645,000.00	3%	Dominion of Canada		4,645,000.00
Sept. 1, 1943	Sept. 1, 1944	350,000.00	3%	Dominion of Canada		350,000.00
Sept. 15, 1943	Sept. 15, 1944	1,600,000.00	3%	Provincial Treasurer		500,000.00
Oct. 1, 1943	Oct. 1, 1944	6,192,000.00	3%	Dominion of Canada		1,600,000.00
Dec. 1, 1943	Dec. 1, 1944		3%	Dominion of Canada		5,240,000.00
		\$ 27,916,000.00				\$ 25,290,500.00
SUMMARY:						
Debentures Past Due		\$ 34,203,729.14				\$ 21,471,332.25
Debentures and Stock Not Due		93,607,166.66				81,497,061.01
Treasury Bills		27,916,000.00				25,290,500.00
						\$128,258,893.26
		\$155,726,895.80				13,198,241.03
		15,777,023.48				\$ 27,488,002.54
LESS: Sinking Funds						2,578,782.45
Net Bonded and Treasury Bills		\$139,949,872.32				\$115,060,652.23
						\$ 24,889,220.09

(a) Interest reduced in accordance with the provisions of Order in Council No. 734/36.

(b) \$5,000,000.00 authorized.

(c) Alberta and Great Waterways Railway First Mortgage Gold Debenture Bonds.

ABBREVIATIONS: M., Montreal; T., Toronto; E., Edmonton; O., Ottawa; W., Winnipeg; C., Calgary; V., Vancouver; Vic., Victoria; N.Y., New York, U.S.A.; L., London, England.

STATEMENT No. 2

GOVERNMENT OF THE PROVINCE OF ALBERTA

STATEMENT OF FUNDED AND UNFUNDED DEBT
AS AT DECEMBER 31, 1943

The net funded and unfunded debt as at December 31, 1943, amounted to \$139,949,872.32, made up as follows:

Funded debt	\$155,726,895.80	
Less: Sinking Funds	15,777,023.48	
Net funded debt		\$139,949,872.32
Unfunded debt:		
Savings Certificates	\$ 3,621,169.95	
Superannuation Fund	3,601,748.38	
Miscellaneous	149,535.76	
	\$ 7,372,454.09	
Less: Cash and investments	7,372,454.09	
Net unfunded debt		
Net funded and unfunded debt		\$139,949,372.32

STATEMENT No. 3

GOVERNMENT OF THE PROVINCE OF ALBERTA

COMPARATIVE STATEMENT OF RECEIPTS AND PAYMENTS
ON INCOME ACCOUNT FOR THE NINE MONTHS ENDED
DECEMBER 31, 1942, AND DECEMBER 31, 1943

Particulars	Nine months ended		Increase or *decrease
	Dec. 31, 1943	Dec. 31, 1942	
Receipts:			
Dominion of Canada subsidies	\$ 897,405.10	\$ 903,625.90	\$ 6,220.80*
Taxes	7,790,512.15	7,298,878.21	491,633.94
Licenses	3,301,283.78	3,156,649.68	144,634.10
Fees	2,738,169.56	2,798,155.34	59,985.78*
Fines and penalties	84,462.61	81,630.83	2,831.78
Profits from trading activities	3,774,283.42	2,960,860.91	813,422.51
Refunds of expenditure	1,949,639.82	1,924,670.95	24,968.87
From revenue producing assets	786,324.16	729,783.07	56,541.09
Miscellaneous	70,950.46	48,339.77	22,610.69
Suspense	74,893.93	166,425.30	91,531.37*
Sub-total	\$21,467,924.99	\$20,069,019.96	\$1,398,905.03
Unemployment relief reimbursements	90,685.98	37,536.67	53,149.31
Total receipts	\$21,558,610.97	\$20,106,556.63	\$1,452,054.34

Particulars	Nine months ended		Increase or *Decrease
	Dec. 31, 1943	Dec. 31, 1942	
Payments:			
Public Debt	\$ 2,737,327.19	\$ 2,761,393.94	\$ 24,066.75*
Executive Council	193,160.01	169,134.63	24,025.38
Legislation	101,595.68	97,848.35	3,747.33
Agriculture Department	397,546.58	352,431.94	45,114.64
Agriculture Department (Water Resources Branch)	43,510.42	41,995.64	1,514.78
Attorney General's Department	618,946.74	480,415.39	138,531.35
Education Department	3,120,051.23	2,846,002.21	274,049.02
Municipal Affairs Department	267,539.95	256,410.01	11,129.94
Provincial Secretary's Dept.	145,420.89	113,674.73	31,746.16
Public Health Department	1,685,818.37	1,758,598.51	72,780.14*
Public Works Department	2,506,047.47	2,384,198.65	121,848.82
Railways Branch	3,068.78	2,848.16	220.62
Treasury Department	3,927,646.33	3,414,901.09	512,745.24
Lands and Mines Department	643,218.52	608,388.31	34,830.21
Trade and Industry Department	144,072.21	177,035.92	32,963.71*
Youth Training Programme	74,213.10	122,040.87	47,827.77*
Sub-total	\$16,609,183.47	\$15,587,318.35	\$1,021,865.12
Public Welfare	291,144.62	326,125.52	34,980.90*
Total payments	\$16,900,328.09	\$15,913,443.87	\$ 986,884.22

STATEMENT No. 4

GOVERNMENT OF THE PROVINCE OF ALBERTA

CONSOLIDATED SURPLUS OR DEFICIT ACCOUNT

INCOME ACCOUNT

GENERAL REVENUE FUND

Year ended December 31	Particulars	Revenue	Expenditure	Surplus or *Deficit
1905	Per Order-in-Council 966/11	\$ 635,975.57	\$ 150,021.10	\$ 485,954.47
1906	"	1,425,059.01	1,279,041.44	146,017.57
1907	"	1,847,452.61	1,839,064.04	8,388.57
1908	"	2,765,900.41	2,079,708.20	676,192.21
1909	"	2,511,851.46	2,632,935.53	121,084.07*
1910	"	2,071,773.94	3,696,826.86	1,625,052.92*
		\$ 11,248,013.00	\$ 11,677,597.17	\$ 429,584.17*
1911	Per Public Accounts	2,802,325.79	3,037,618.45	235,292.66*
1912	"	3,419,381.52	3,353,258.48	66,123.04
1913	"	4,519,345.19	4,409,795.18	109,550.01
1914	"	4,350,836.79	4,446,160.31	95,323.52*
1915	"	4,144,040.18	4,742,374.81	598,334.63*
1916	"	4,228,974.28	5,006,993.08	778,018.80*
1917	"	5,069,303.73	5,712,643.03	643,339.30*
1918	"	6,283,336.15	7,132,119.21	848,783.06*
1919	"	8,004,476.10	7,905,330.47	99,145.63
1920	"	9,005,862.21	8,544,052.16	461,810.05
1921	"	8,486,946.25	10,605,155.91	2,118,209.66*
1922	"	9,324,889.73	11,235,192.22	1,910,302.49*
1923	"	10,419,146.26	10,990,830.00	571,683.74*
1924	"	10,506,627.13	11,127,468.55	620,841.42*
1925	"	11,531,025.99	11,343,006.45	188,019.54
1926	"	11,912,128.27	11,894,327.74	17,800.53
1927	"	12,263,400.64	12,479,380.97	215,980.33*
Year ended March 31:				
1928 (3 months)	"	3,886,495.04	3,390,751.58	495,743.46
1929	"	15,265,083.77	13,686,260.68	1,578,823.09
1930	"	15,829,865.22	15,402,884.57	426,980.65
1931	"	15,710,962.44	18,017,543.54	2,306,581.10*
1932	"	13,492,420.28	18,645,481.20	5,153,050.92*
1933	"	15,426,264.94	17,533,785.97	2,107,521.03*
1934	"	15,178,607.44	17,056,638.86	1,878,031.42*
1935	"	15,697,770.48	17,435,821.37	1,738,050.89*
1936	"	16,575,151.62	18,225,949.86	1,650,798.24*
1937**	"	20,743,045.72	20,665,192.83	77,852.89
1938**	"	24,127,805.54	21,359,739.46	2,768,066.08
1939**	"	24,269,817.40	21,242,625.48	3,027,191.92
1940**	"	24,410,039.54	21,922,189.04	2,487,850.50
1941**	"	24,921,669.29	20,570,675.91	4,350,993.38
1942**	"	27,213,546.34	19,965,125.48	7,248,420.86
1943**	"	27,961,197.97	21,588,134.34	6,373,063.63
		\$438,229,812.24	\$432,352,104.36	\$ 5,877,707.88
Add:				
Surplus arising from excess of income assets over income liabilities and adjustments				6,966,227.91
Surplus, General Revenue Fund, March 31, 1943				\$ 12,843,935.79
Deduct: Alberta Government Telephones deficit				964,684.54
Income surplus, March 31, 1943				\$ 11,879,251.25

**Operating results after reduction of interest charges, suspension of sinking fund provision, and after including net expenditure for unemployment relief. In previous years, unemployment relief expenditure was capitalized.

STATEMENT No. 5

GOVERNMENT OF THE PROVINCE OF ALBERTA

GENERAL STATISTICS

AGRICULTURAL STATISTICS

Area—Land	159,232,000	acres
Water	4,150,400	"
Total Area	163,382,400	"

Total Area	255,285	sq. mi.
Population, 1941, No.	796,169	

Rural, No.	489,583
Urban, No.	306,586

Male, No.	426,458
Female, No.	369,711

Area of National Parks	13,434,240	acres
Area of Forest Reserves	12,436,500	"
Area of Surveyed Tract	87,889,701	"
Area of Arable Land	70,000,000	"
Total Agricultural Area	97,123,000	"
Area of Occupied Farms	40,539,934	"

Number of Farms:		No.
1921	82,954	"
1926	77,130	"
1931	97,408	"
1936	100,358	"
1941	99,732	"

Acreage under Cultivation:

1906	659,981	acres
1941	19,429,600	"
1942	19,424,800	"
1943	19,412,700	"

Acreage under Wheat:

1906	177,127	acres
1941	6,481,000	"
1942	6,370,000	"
1943	4,829,000	"

Value of Agricultural Production:

1906	\$ 16,428,205
1940	209,741,864
1941	204,639,200
1942	362,411,700
1943	347,280,900

Creamery Butter Manufactured:

1906	1,960,356	lbs.
1940	29,796,520	"
1941	35,316,143	"
1942	36,985,909	"
1943	38,640,693	"

Live Stock Population, 1943:

Horses	627,900	No.
Cattle	1,175,600	"
Calves	451,400	"
Sheep and Lambs	900,000	"
Swine	2,337,700	"

Shipments of Cattle from Alberta:

1936	317,054	head
1940	177,100	"
1941	186,192	"
1942	180,492	"
1943	139,826	"

Hog Marketings:

1936	1,039,466	head
1940	1,435,382	"
1941	1,950,659	"
1942	2,182,342	"
1943	2,392,384	"

NATURAL RESOURCES STATISTICS

Coal Production:

1906	1,385,000	tons
1940	6,205,088	"
1941	6,970,064	"
1942	7,754,279	"
1943	7,677,982	"

Petroleum Production:

1924	844	bbls.
1940	8,493,237	"
1941	9,908,643	"
1942	10,143,270	"
1943	9,674,648	"

Natural Gas Production:

1921	4,945,884	m.c.f.
1940	26,402,229	"
1941	28,805,429	"
1942	32,443,588	"
1943	34,161,548	"

Value of Mineral Production:

1907	\$ 4,657,524
1940	35,092,337
1941	41,364,385
1942	47,359,831
1943	48,578,388

Lumber Production:

1936	99,153,002	ft. b.m.
1940	170,381,832	"
1941	272,945,129	"
1942	228,703,426	"
1943	150,303,199	"

Value of Commercial Fisheries Production:

1936	\$ 313,743
1940	450,167
1941	442,450
1942	492,176
1943 (Estimated)	817,000

STATEMENT No. 5—(Continued)

GENERAL STATISTICS

OTHER STATISTICS

Trade and Industry, 1943:

Retail Trade	\$290,000,000
Wholesale Trade	150,934,005
Manufacturing Industries	200,000,000

Railway Mileage:

1906	1,060 miles
1936	5,785 "
1940	5,819 "
1941	5,823 "
1942	5,818 "

Schools in Operation:

1936	3,492
1940	3,596
1941	3,639
1942	3,625
1943	3,277

Motor Vehicles:

1906	41
1936	97,468
1940	120,514
1941	126,127
1942	125,482
1943 (Estimated)	125,718

Hard Surfaced Highways:

1921	17 miles
1936	2,307 "
1940	3,494 "
1941	3,839 "
1942	4,192 "
1943	4,462 "

Bank Clearings:

1907	\$115,461,698
1936	538,913,234
1940	547,610,159
1941	656,777,923
1942	741,657,907
1943	958,263,300

Bank Debits:

1924	\$1,092,062,297
1936	1,096,155,091
1940	1,407,066,802
1941	1,654,889,535
1942	1,799,614,115
1943	2,334,248,809

Construction Industry—Contracts

Awarded:

1924	\$ 6,600,400 value
1936	6,297,400 "
1940	23,940,100 "
1941	15,598,800 "
1942	14,401,100 "
1943	18,529,300 "